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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

May 27, 2025

"Good advice is always certain to be ignored, but that's no reason not to give it." Agatha Christie

MARKETS

Macro Recap: The week opened on a volatile note as Moody's downgraded the U.S. credit rating, adding to investor unease. In housing, existing home sales in the U.S. unexpectedly declined in April, falling 0.5% from the previous month despite the typically active spring season. According to the National Association of Realtors, this marked the slowest April sales pace since 2009, as elevated mortgage rates and rising home prices continued to weigh on demand.

Gold prices surged nearly 6% for the week, rebounding from the prior week's losses and closing around $3,360 per ounce. The rally extended gold's year-to-date gains, with the precious metal recently hitting a record high above $3,400.

Bitcoin also continued its impressive run, rising for the sixth consecutive week. The cryptocurrency briefly touched a new all-time high near $112,000 on Thursday before settling around $109,000 by Friday afternoon—up nearly 6% for the week and significantly above its early April low of $75,000.

Geopolitical tensions flared late in the week as President Trump announced that Apple (AAPL) would face a minimum 25% tariff if iPhones sold in the U.S. are not manufactured domestically. He also proposed a sweeping 50% tariff on EU imports starting June 1, citing stalled trade negotiations.

Equity Recap: Equity markets retreated, with all three major U.S. indices falling approximately 2.5% amid rising long-term interest rates and renewed concerns over fiscal deficits. The S&P 500 ended the week 5.6% below its record high set three months ago, as momentum from the previous week faded.

Bond/Rate Recap: Treasury yields climbed, led by the 30-year bond, which breached the 5.00% mark for the first time since 2023. The move followed the House's approval of a budget bill projected to widen the federal deficit. While shorter-term yields also rose, the long end of the curve saw the most pronounced increase, levels not sustained since 2007.

Week Ahead: Investors will be closely watching Friday's release of the Personal Consumption Expenditures Price Index, the Federal Reserve's preferred inflation gauge. The previous report showed annual inflation easing to 2.3% in March from 2.7% in February, and the upcoming data could provide critical insight into the Fed's next policy moves.

INDICES

	May 23 Close	May 19 Open	Weekly Change	Dec 31 2024	YTD Change
DJIA	41,603	42,655	-2.5%	42,544	-2.2%
S&P 500	5,803	5,958	-2.6%	5,882	-1.3%
NASDAQ	18,737	19,211	-2.5%	19,311	-3.0%
Russell 2000	2,040	2,113	-3.5%	2,230	-8.5%
KBW Bank Indx	125.6	131.1	-4.1%	127.5	-1.4%
Bitcoin	$109,871	$102,405	7.3%	$93,714	17.2%
Oil (WTI)	$61.57	$62.23	-1.1%	$71.72	-14.2%
Gold	$3,339	$3,240	3.0%	$2,625	27.2%
Prime	7.50	7.50	0.00	7.50	0.00
Effective Fed Funds	4.33	4.33	0.00	4.33	0.00
3m Tbill	4.34	4.35	-0.01	4.31	0.03
2yr UST	3.99	4.01	-0.02	4.24	-0.25
10yr UST	4.51	4.44	0.07	4.57	-0.06
2-10yr UST Spread	52	43	9	33	19
2y AAA Muni/10y UST	71.8%	72.2%	-0.4%	66.5%	5.3%
10y AAA Muni/10y UST	74.6%	74.5%	0.1%	68.4%	6.2%
5yr Inflation Forecast	2.42	2.45	-0.03	2.42	0.00

Week Ahead

- **Monday:** Memorial Day
- **Tuesday:** S&P Case Shiller, Consumer confidence, Dur goods
- **Wednesday:** Release of minutes
- **Thursday:** 1st Q GDP, Pending home sales
- **Friday:** PCE, UofM Consumer sent

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